

“Ending Poverty in America”

By Congressman Jim McDermott (D-WA)

Keynote Speech As Prepared for Delivery at the Center for American Progress and Women of Color Policy Network Conference on “Measuring Our Progress in Reducing U.S. Poverty”

March 29, 2011

“I’m honored to address you on such an important topic. I’d like to thank the Center for American Progress and the Women of Color Policy Network for inviting me, and for your work to end poverty.

“A few weeks ago ‘60 Minutes’ reported on the new faces of poverty in America. It’s stuck with me. The segment centers on a family of four in Florida, living precariously in the shadow of Disneyland. The parents had modest but decent incomes until the recession, when they were both laid off. They experienced a steady slide downward over the next few months – losing their home and their belongings, eventually reducing them to living in their mini-van, in the parking lot at Wal-Mart.

“Their children bathed every morning over a sink in the Wal-Mart restroom. They missed meals, partly because there was no place to cook or store food. Their next move was to a cramped motel room, where the school bus now stops every morning since many other children are also living in motel rooms. *These are the tenements of the 21st century.*

“Another family, working class, lost everything after losing their jobs. They faced the tragic choice of splitting their family in order to enter homeless shelters, which are segregated by gender and restrict visiting. *These are the poor houses of the 21st century.*

“The family opted instead to rely on the kindness of neighbors who put them up in their living room – commendable generosity, but something not everyone can rely on, and that’s nowhere near a real solution.

“None of us should sleep well as long as these families are looking for a place to sleep. The immediate challenge is to get out of the recession, get people back to work, and make sure families and children are okay, until they can make ends meet.

“The longer term challenge – which we should embrace today – is *ending poverty in America*, especially for children. The Center for American Progress began a campaign four years ago to reduce poverty by half in the next decade, the ‘Half in Ten’ campaign. I commend them on their vision and commitment. President Obama wants to end childhood hunger by 2015. He deserves credit for this commitment. But I propose something bolder, and more basic – *ending* poverty in the next decade. The wealthiest country in the world should be satisfied with nothing less.

“Some will oppose us, and many challenges will arise along the way. But that’s my goal, and it’s the goal of many of my constituents. I invite you to join me in this goal. I need your energy and support. Let’s end poverty in America.

“So what is ‘poverty?’ The official definition dates back to the early 1960’s. It essentially calculates the cost of food for a month and multiplies this by three, on the assumption that households spend a third of their income on food. Virtually every expert agrees that the measure is antiquated. It ignores the fact that households now spend much less of their income on food than they used to since food’s become cheaper, and families spend more on other essentials, such as the expenses from having two adults working.

“It ignores huge regional differences – it costs much more to live in Manhattan than Montana. And it ignores the benefits of some of the most important anti-poverty programs, such as Food Stamps and Earned Income Tax Credit (EITC), creating the impression that they have no impact. They can have a profound impact, but the official measure is blind to this.

“To get an accurate understanding of poverty and the impact of anti-poverty programs, I introduced the ‘Measuring American Poverty Act’ in 2009 to create a ‘modern’ poverty measure and to collect data for it. The bill also included the development of a ‘decent living standard’ measure and a ‘medical care risk’ standard. The legislation was based on recommendations of the National Academy of Sciences and leading experts, developed over years of study.

“The modern poverty measure would incorporate the costs not only of food but also of shelter and clothing. It would take into account regional differences in cost of living. And it would account for the effect of taxes, tax credits such as EITC and benefits such as Food Stamps and housing vouchers, work expenses, and out-of-pocket medical expenses. It would give us a much better understanding of poverty, including of the two families in Florida I mentioned.

“President Obama’s Office of Management and Budget (OMB) convened an interagency work group to develop a similar measure, the Supplemental Poverty Measure. The Census Bureau and the Bureau of Labor Statistics (BLS) will report findings this fall. I will introduce legislation in this Congress to continue this development, and to establish a modern measure.

“Preliminary analysis of this new measure suggests it will show *more* Americans in poverty compared to the official measure, especially among the elderly, given their medical expenses.

“It will show that *children* continue to be at the greatest risk of living in poverty, with close to one out of every four children being poor. It will likely find more poor Americans in every region of the country, but the increase may be greatest on the West and East coasts, given the higher cost of living.

“And the Supplemental Poverty Measure will show how Food Stamps, EITC and other government policies reduce the breadth and severity of poverty. This is crucial. For years conservatives have claimed that these programs are a waste, since poverty persists. The programs work. The old measure doesn’t factor in these vital programs and makes it seem like they have no effect.

“Once we measure poverty more carefully, we see how much these programs help. They reduce poverty. The solution isn’t to end the programs – it’s to end the old poverty measure and properly fund the programs.

“The new poverty measure still won’t tell us everything we need to know. We need to understand whether we’re moving in the right direction – away from having an increasing underclass, toward opportunity and security. We need a measure of *asset* poverty – of how much wealth people have, and what’s needed to avoid hardship and pursue opportunities. We need to measure income *volatility* – since more and more families have adequate income one month that declines steeply the next, creating instability and anxiety. We need to measure social *mobility* – the chances of moving up from the class into which you’re born, or of

falling from it. We need to measure *inequality* – of whether our society is pulling apart, as the middle-class shrinks. And we need broader measures of *well-being*, *development*, and *happiness* – as several other countries and the U.N. now have.

“There are many faces of poverty – in Florida, in my district, across the country – and issues and policies needing attention if we are to end poverty. Most of these are beyond the scope of my talk, but I want to at least note them.

“We need to appreciate the *anti-poverty* benefits of the Affordable Care Act, of Democrats’ recent expansion of Pell Grants, and of our financial reform legislation – all three of which Republicans have already begun to undermine. We need to recognize the impact of the Recovery Act. It’s estimated that it kept more than 4.5 million people out of poverty in 2009 through the refundable tax provisions, UI extensions and improvements, and increased Food Stamps.

“We need to defend and strengthen Social Security, especially given the disappearance of pensions. We need to think more about how *disability* is a leading cause of poverty, something that’s often forgotten. We need to further reform child support, through passing payments directly to families. We need further reform of the child welfare system, building on the 2008 legislation I helped pass, and on the waiver legislation I’ve just introduced.

“We need to be honest about the *racial* dimensions of poverty, and the unique challenges of Native Americans. We need to admit that we have the highest incarceration rate *in the world*, which decimates poor minority communities and costs us a fortune. We need to reach the chronically homeless who are mentally ill, instead of just crossing the street to avoid them.

“We need to ask if it’s fair that *legal* immigrants, who pay taxes, can’t get public assistance when they need it. And we need to end the *indefensible* unfairness of the ‘Defense of Marriage Act’ – which John Boehner insists on defending – as it exposes lesbian and gay families to insecurity by denying essential protections such as Social Security survivor’s benefits.

“We need an updated minimum wage that’s indexed to annual inflation, so that we’re not constantly playing catch-up. As we’ve seen in recent weeks, we need to protect collective bargaining and the right to organize, so that people’s jobs are *good* jobs. All of these issues deserve our attention.

“But I want to turn to a few of the policies *urgently needed now*, to get us through the recession, and on a path to finally ending poverty in America. I propose a *three-pronged strategy* – first, supporting work, to employ the millions of people who want to work and to address unmet needs in the community. Second, providing work supports, for those still unable to make ends meet. And third, investing in children and young people to improve their entire lives, which will pay dividends to all of us over time.

“We can **enable work** by supporting private sector employment, public sector employment and transitional jobs, and by providing earnings supplements. We can start by renewing the TANF Emergency Fund, which was successful beyond expectations as states created over a quarter-of-a-million employment opportunities that worked for their communities. Reauthorizing the entire TANF program is overdue. What’s most overdue is finally making TANF an *anti-poverty* program – based on pilots that were successful, such as Wisconsin’s New Hope and Minnesota’s Family Investment Program. And we need to enhance EITC benefits so low-wage earnings become enough to live on, including for single non-custodial fathers, to allow them to meet child support obligations.

“Add to this **work supports** for unemployment, food, housing, and children. We need further reforms for Unemployment Insurance, beyond the 2009 ‘UI Modernization Act,’ to better cover low-income and part-time workers, to support training, and to fund it progressively. We should maintain the Recovery Act expansions for Food Stamps, and ensure access. We should build on the Recovery Act expansion of the Child Care Development Fund. And we should finally make the Child Tax Credit *refundable*, so families who need it the most get it – such as the two homeless families in Florida I mentioned.

“We should ensure access and adequate funding for our excellent child nutrition programs such as WIC and the School Breakfast and Lunch programs. For fairness, the regressive subsidies for home mortgages need to become progressive, as *refundable housing tax credits* for owners and also renters. Information technology (IT) can help simplify and coordinate public assistance programs, for both access and efficiency.

“Third, **longer-term investments** can reduce poverty and increase opportunity and mobility. These have long been neglected in federal spending priorities, which is so often limited to short-term needs. The place to start is where children start – through programs such as Early Head Start and Head Start, and home visiting programs to assist mothers during critical periods.

“Beyond the home, we need to revitalize distressed communities, through such comprehensive models as the Harlem Children’s Zone. We need connections for young adults *disconnected* from both school and work, through training and apprenticeship programs. Educated young adults can develop skills and serve distressed communities through programs such as AmeriCorps – which Republicans just voted to *terminate*. Finally, it’s time to *promote saving* amongst the low-income, including by relaxing the means-tests for public assistance – as legislation I’m developing will do – and creating Child Savings Accounts and Individual Development Accounts.

“These policies would help meet immediate needs, and make longer-term investments. They help states and counties sustain necessary programs, and allow them to innovate. They build on proven programs, on promising demonstrations, and on extensive research. They have garnered support from many Democrats, from some reasonable Republicans, and from a range of experts and stakeholders.

“But these policies may not get us there. A significant number of children would likely still be poor. And more middle-class children *could become poor* in this recession, once their parents exhaust unemployment benefits and risk losing everything, as did the homeless families in Florida. We need to *guarantee* a floor beneath which children will not fall, shielding them from market forces they do nothing to create, sparing them hardship they do nothing to deserve.

“This *minimal income security for families with children*, whose parents are not receiving UI or adequate TANF benefits, could take any number of forms. It could be some combination of the refundable child tax credits and housing tax credits I proposed. It could be through extending UI during the recession. It could be allowing parents to access Social Security benefits early, during a period of unemployment or care-giving. It could be through supported employment on a larger scale than was possible under the TANF Emergency Fund.

“Or there could be a *basic allowance* for every household with children, in addition to these tax credits and other benefits. Lest this sound like a ‘radical’ proposal, recall that a *more comprehensive* guaranteed income was proposed by Martin Luther King, Jr. By not only Senator Moynihan but also President Nixon. By John Kenneth Galbraith and also Milton Friedman. And more recently, by several Nobel economists.

“Polls show strong public support for reducing poverty, for the federal government to have an active role, and a willingness to pay for it – in contrast to an *unwillingness* to pay for tax cuts for the wealthy. In short, the American people are with us. Congressional Republicans are *not* with us. They oppose *every single* thing I’ve proposed. They’ve just forced through two Continuing Resolution budgets slashing the most established anti-poverty programs – and promising that this is merely a preview of the real cuts to come.

“Ending poverty is *the right thing to do morally*. But it can also help reduce budget deficits in the long-run, through reduced expenditures on incarceration, illness and the like, and increased revenues through having more people working more productively. We can fund these priorities and balance the budget - partly through finding savings elsewhere, including in defense and corporate agriculture, and partly through new revenues. We can rein in the most regressive aspects of our tax code that are skewed to the wealthy, and make other reforms.

“In closing, I applaud CAP’s and the Women of Color Policy Network’s ambitious goal for reducing poverty, for your passion and persistence. Together we can do it. We can get America back to work. We can *end* poverty in America!”

###